

FISCAL NOTE

SB 2387 - HB 2406

February 7, 2002

SUMMARY OF BILL: Allows any county or municipal local education agency to convert to a special school district. Present law prohibits the creation of any new special school districts after April 30, 1982, except for mergers or consolidations and provides that the majority of the legal voters in a proposed district must express their willingness to raise the local funds through a referendum.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shift in local government revenues and expenditures from county governments to the special school district - Exceeds \$100,000/Permissive

Assumes:

- that if a county school system becomes a special school district, the special school district would be totally separate from the county. The county would no longer issue debt for the school district and the district would set its own tax rate with the approval of the General Assembly. Therefore, the school system would not be required to share proceeds with any incorporated areas. It is estimated that there would be an increase in revenues and expenditures for the LEA (special school district) and a decrease in revenues and expenditures for any affected county governments.
- any school debt currently on the county's books would follow the newly created special school district. It is unclear as to whether the county would be relieved of its obligation to provide a school system.
- the school system would no longer be included in the county's audit report and would require a separate one. However, this is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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